

MFP 2.0 as we know it

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Market Facilitation Program

- Thus far, these are the MFP details we know of:
 - \$14.5 billion in direct payments to farmers
 - Payments will be county based, and can vary by county
 - Payments rates have not been announced as of now
 - Payments will be made in three installments;
 1. Late July/early August - as soon as practical following FSA July 15 acreage reporting deadline
 2. If warranted second payment in November 2019
 3. If warranted third payment in early January 2020

Market Facilitation Program

- County payment rates will be announced at a later date based on trade damage and historic plantings
- Each county will have 1 published payment rate based upon the trade damage that county has incurred
- The county payment rate will be the same regardless of which eligible crop you plant
- Eligible crops include:
 - *Alfalfa hay, barley, canola, corn, crambe, dry peas, extra-long staple cotton, flaxseed, lentils, long grain and medium grain rice, mustard seed, dried beans, oats, peanuts, rapeseed, safflower, sesame seed, small and large chickpeas, sorghum, soybeans, sunflower seed, temperate japonica rice, upland cotton, and wheat*

“No” didn’t mean “never”

- Secretary Perdue told us many times, in many ways, that there would not be a second year of the Market Facilitation Program.
- “Last year, you didn’t know what was coming. This year you plant with full knowledge of the current trade situation.”
- Just days before the China deal blew up, Vice President Pence was in Minnesota putting out the word that there would be another round of MFP. But he did not share any specifics.

And then this tweet as the China talks broke down

President Trump tweet May 10

....if we bought 15 billion Dollars of Agriculture from our Farmers, far more than China buys now, we would have more than 85 Billion Dollars left over for new Infrastructure, Healthcare, or anything else. China would slow down, and we would automatically speed up!

MFP 2.0 evolves in public

- Contours of the program began to take shape.
- USDA then played the hand it was dealt.
- There were leaks.....
- Which forced a premature announcement before the close of the July 15 crop reporting deadline.
- The messages is essentially “don’t let the program announcement influence your planting decisions.”

MFP 2.0 – Illinois will get its “fair share” BUT county crop ratios DO matter

Assumptions

- \$2.00 bu soybeans; \$0.04 bu corn; and \$0.17 bu. wheat
- Looked at 2017 and 2018 production – excellent 2018 yields

Three counties with typical crop ratios:

- Carroll (corn-on-corn w/ some beans)
- **Champaign (50/50 corn-beans)**
- Clinton (50-35-15 soy/corn/wheat)

WARNING: Relative numbers – Please don't take these to the bank

- 50-50% - **Highest per acre payment**
- Corn-on-corn = 50-50 = **54% of 50-50 split**
- Soy-corn-wheat = **87% of 50-50 split**

Here's what we're asking for

- Pushing back the crop insurance deadline to Dec. 1
- Because Spring crop insurance guarantees were impacted by trade – and as result Prevented Planting protection is lower, we're asking that prevented planted acres be included in MFP.
- If not PP acres included, then please base MFP payments on historic planted area – not 2019 acres.

Here's what we're asking for

- Be **transparent on calculations** and **announce as soon as possible** to help farmers in financial planning.
- **Make all payments in 2019**, and consider making **two rather than three payments** to help farmers meet immediate financial needs.
- Consider county-to-county payment discrepancies to **prevent large differences across county lines** which could result in competitive advantages for farmers when bidding on land in 2020.
- Make sure county **FSA staff are up to speed** on the rules.

With respect to any disaster assistance bill under consideration...

- All areas experiencing planting delays because of excess rainfall or flooding should be eligible – preference given to state or federally-declared natural disasters.
- If and only if trade assistance payments do not cover acres prevented from being planted, consideration should be given to modifying PP payments to include the higher of spring or harvest price.
- For farmers raising livestock, USDA should consider allowing planting and normal harvest and grazing of forage crops/cover crops on prevent plant acreage or CRP ground without penalty and without date restrictions.

Trade policy update

- Section 232 tariffs on Canada and Mexico lifted
- USMCA
- China Trade War – no talks scheduled beyond upcoming Trump-Xi mtg.
- Mexican 5% tariffs – Mulvaney: “I fully expect these tariffs to go on to at least the five percent level on June 10.”

Mexico & Illinois Agriculture

Mexico really is an excellent market and a primary destination for agricultural products grown, raised and processed in Illinois.

Illinois-Mexico Trade Highlights 2018



Illinois farmers export to Mexico:



\$485.4 million
corn



\$38 million
U.S. beef and
beef products



\$21.1 million
DDGs (Distillers' Dried
Grains with solubles)



\$110 million
pork



\$32.4 million
soybean meal

U.S. Corn and Pork Notes



Illinois corn exports represent
45% of all U.S. corn
exports to Mexico.



Mexico purchases
20% of all U.S.
pork exports.

Sources: U.S. Census Bureau, USDA, and U.S. Meat Export Federation

ilfb.org/trade

We support #trade

#tradenottariffs